

# Senate Bill 537

Sponsored by Senator RILEY (Pre-session filed.)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires that rules adopted by Director of Department of Consumer and Business Services for coordination of benefits protect insured from out-of-pocket expenses if combined coverages exceed costs to be reimbursed.

## A BILL FOR AN ACT

1  
2 Relating to coordination of insurance benefits; amending ORS 743.550 and 743B.475.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** ORS 743B.475 is amended to read:

5 743B.475. (1) The Director of the Department of Consumer and Business Services shall by rule  
6 establish [*guidelines*] **requirements** for the coordination of benefits for individual and group health  
7 insurance, including:

8 [(1)] (a) The procedures by which persons insured under the policies are to be made aware of  
9 the existence of a coordination of benefits provision;

10 [(2)] (b) The benefits which may be subject to such a provision;

11 [(3)] (c) The effect of such a provision on the benefits provided;

12 [(4)] (d) Establishment of the order of benefit determination; and

13 [(5)] (e) Reasonable claim administration procedures to expedite claim payments.

14 **(2) Rules adopted under this section must ensure that costs will be reimbursed up to the**  
15 **sum of the coverages under all of the applicable policies or certificates of insurance. If the**  
16 **sum of the coverages exceeds the costs, the insured may not be subject to any out-of-pocket**  
17 **expenses.**

18 **SECTION 2.** ORS 743.550 is amended to read:

19 743.550. (1) Student health insurance is subject to ORS 743.537, 743.540, 743.543, 743.546 and  
20 743B.475, except as provided in this section.

21 (2) Coverage under a student health insurance policy may be mandatory for all students at the  
22 institution, voluntary for all students at the institution, or mandatory for defined classes of students  
23 and voluntary for other classes of students. As used in this subsection, "classes" refers to under-  
24 graduates, graduate students, domestic students, international students or other like classifications.  
25 Any differences based on a student's nationality may be established only for the purpose of com-  
26 plying with federal law in effect when the policy is issued.

27 (3) When coverage under a student health insurance policy is mandatory, the policyholder may  
28 allow any student subject to the policy to decline coverage if the student provides evidence ac-  
29 ceptable to the policyholder that the student has similar health coverage.

30 (4) A student health insurance policy may provide for any student to purchase optional supple-  
31 mental coverage.

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.  
New sections are in **boldfaced** type.

1 (5) Student health insurance coverage for athletic injuries may:

2 (a) Exclude coverage for injuries of students who have not obtained medical release for a similar  
3 injury; and

4 (b) Be provided in excess of or in addition to any other coverage under any other health insur-  
5 ance policy, including a student health insurance policy.

6 (6) A student health insurance policy may provide that coverage under the policy is secondary  
7 to any other health insurance for purposes of [*guidelines*] **requirements** established under ORS  
8 743B.475.

9 (7) A student health insurance policy may provide, on request by the policyholder, that all or  
10 any portion of any indemnities provided by such policy on account of hospital, nursing, medical or  
11 surgical services may, at the insurer’s option, be paid directly to the hospital or person rendering  
12 such services. However, the amount of any such payment shall not exceed the amount of benefit  
13 provided by the policy with respect to the service or billing of the provider of aid. The amount of  
14 such payments pursuant to one or more assignments shall not exceed the amount of expenses in-  
15 curred on account of such hospitalization or medical or surgical aid.

16 (8) An insurer providing student health insurance as primary coverage may negotiate and enter  
17 into contracts for alternative rates of payment with providers and offer the benefit of such alterna-  
18 tive rates to insureds who select such providers. An insurer may utilize such contracts by offering  
19 a choice of plans at the time an insured enrolls, one of which provides benefits only for services by  
20 members of a particular provider organization with whom the insurer has an agreement. If an in-  
21 sured chooses such a plan, benefits are payable only for services rendered by a member of that  
22 provider organization, unless such services were requested by a member of such organization or are  
23 rendered as the result of an emergency.

24 (9) Payments made under subsection (8) of this section shall discharge the insurer’s obligation  
25 with respect to the amount of insurance paid.

26 (10) An insurer shall provide each student health insurance policyholder with a current roster  
27 of institutional and professional providers under contract to provide services at alternative rates  
28 under the group policy and shall also make such lists available for public inspection during regular  
29 business hours at the insurer’s principal office within this state.

30 (11) As used in this section, “student health insurance”:

31 (a) Means that form of health insurance under a policy issued to a college, school or other in-  
32 stitution of learning, a school district or districts, or school jurisdictional unit, or recognized student  
33 government at a public university listed in ORS 352.002, or to the head, principal or governing board  
34 of any such educational unit, who or which shall be deemed the policyholder, that is available ex-  
35 clusively to students at the college, school or other institution.

36 (b) Does not include a student health benefit plan as defined in ORS 743.551.

37